

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual
Water's Edge Manual

Rev.: September 2001

Chapter 5 Domestic Disclosure Spreadsheet (DDS) [No longer applicable]

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- R&TC§25111
- CCR §25401d/§18634
- CCR §25111

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Training Objectives:

This chapter will discuss the filing requirements for the Domestic Disclosure Spreadsheet (DDS) for banks and corporations making the water's-edge election.

After reviewing the material in this Chapter, the reader will be able to do the following:

- 1) Identify potential audit issues from the DDS
- 2) Determine the requirements for filing the DDS
- 3) Determine the requirements of a timely filing and frequency of filing
- 4) Determine if late filing penalties should be imposed
- 5) Review information required on the two schedules incorporated in the DDS

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a. *Introduction*

R&TC §25401d requiring that a DDS be filed by certain banks and corporations electing to file on a water's-edge basis was repealed for income years beginning on or after January 1, 1994. (R&TC §18634 was enacted effective for income years beginning on or after January 1, 1994 and required any taxpayer (not just water's-edge filers) that had total worldwide assets in excess of \$200,000,000 to file an information return, Form 2427, *Worldwide Affiliation Schedule*. However, §18634 was repealed effective for information returns due on or after January 1, 1996. The due date includes any approved extensions to file the information return).

This chapter pertains to the DDS requirements prior to the repeal.

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b. Entities Who Must File

In general, a taxpayer making a water's-edge election for income years beginning before January 1, 1994 is required to file a DDS if it and its RELATED banks or corporations meet either one of two tests.¹ The filing requirement is imposed on each individual taxpayer.

If the water's-edge group has elected to file a single California franchise or income tax return, a single filing of the DDS may be made on behalf of all the taxpayers covered by the election.² As a convenience, affiliated taxpayers who have not elected to file a single return or who are not unitary may file a single DDS. Form FTB 4522, Election to File a Single Domestic Disclosure Spreadsheet, is used to make the single election. Since the information required on the DDS is identical for all affiliated taxpayers, this form allows the group to file one DDS rather than two or more identical ones.

Banks and corporations are RELATED if one owns directly or indirectly more than 50 percent of the stock of the other, or if more than 50 percent of the stock of each is owned or controlled, directly or indirectly, by the same interests.³

1. TOTAL ASSETS TEST. *If the total assets of the related group exceed \$250 million, the taxpayer must file a DDS. "Assets" are defined as assets without reduction for liabilities, as reflected on a consolidated balance sheet prepared for reporting to shareholders. The term includes both tangible and intangible property valued at original cost net of depreciation, amortization, or depletion.*⁴

OR

2. FOREIGN FACTOR TEST. *If the total property, payroll, or sales in foreign countries for the related group exceeds \$10 million, the taxpayer must file a DDS. Property, payroll, and sales are equivalent to property, payroll, and sales includible in the California apportionment formula computation, as defined in Revenue and Taxation Code Sections 25129 through 25137 and the underlying regulations.*⁵

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Property, payroll, and sales are in a foreign country if they would be assigned for apportionment factor purposes to a location other than one of the states of the United States, the District of Columbia, or a possession of the United States.⁶

To determine if a taxpayer and its related entities have more than \$10 million of property, payroll, or sales in foreign countries, the foreign country factors of all related entities must be aggregated. In other words, if the total property, total payroll, or total sales of the taxpayer and related entities which is properly assignable to all foreign countries (each factor considered in the aggregate), exceeds \$10 million, then the conditions are satisfied and a DDS must be filed.⁷

Example 1:

<u>Property</u>	<u>Country X</u>	<u>Country Y</u>	<u>Total</u>
Corp. A	\$600,000	\$1,500,000	\$2,100,000
Corp. B	\$2,500,000	0	\$2,500,000
Corp. C	0	\$4,000,000	\$4,000,000
Total	<u>\$3,100,000</u>	<u>\$5,500,000</u>	<u>\$8,600,000</u>

<u>Payroll</u>	<u>Country X</u>	<u>Country Y</u>	<u>Total</u>
Corp. A	\$300,000	\$900,000	\$1,200,000
Corp. B	\$1,000,000	0	\$1,000,000
Corp. C	0	\$3,000,000	\$3,000,000
Total	<u>\$1,300,000</u>	<u>\$3,900,000</u>	<u>\$3,000,000</u>

<u>Sales</u>	<u>Country X</u>	<u>Country Y</u>	<u>Total</u>
Corp. A	\$2,000,000	\$1,500,000	\$3,500,000
Corp. B	\$1,500,000		\$1,500,000
Corp. C	0	\$3,500,000	\$3,500,000
Total	<u>\$3,500,000</u>	<u>\$5,000,000</u>	<u>\$8,500,000</u>

The \$10 million threshold has not been exceeded because none of the factors for A, B, and C, each factor considered in the aggregate, exceeds \$10 million.

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Example 2:

The facts are the same as in the preceding example, except that the total property, payroll, and sales of Corporations A, B, and C which are assignable to foreign countries are:

<u>Property</u>	<u>Country X</u>	<u>Country Y</u>	<u>Total</u>
Corp. A	\$600,000	\$1,500,000	\$2,100,000
Corp. B	\$2,500,000	0	\$2,500,000
Corp. C	0	\$4,000,000	\$4,000,000
<u>Total</u>	<u>\$3,100,000</u>	<u>\$5,500,000</u>	<u>\$8,600,000</u>

<u>Payroll</u>	<u>Country X</u>	<u>Country Y</u>	<u>Total</u>
Corp. A	\$300,000	\$900,000	\$1,200,000
Corp. B	\$1,000,000	0	\$1,000,000
<u>Corp. C</u>	<u>0</u>	<u>\$3,000,000</u>	<u>\$3,000,000</u>
<u>Total</u>	<u>\$1,300,000</u>	<u>\$3,900,000</u>	<u>\$5,200,000</u>

<u>Sales</u>	<u>Country X</u>	<u>Country Y</u>	<u>Total</u>
Corp. A	\$2,000,000	\$1,500,000	\$3,500,000
Corp. B	\$2,500,000	0	\$2,500,000
<u>Corp. C</u>	<u>0</u>	<u>\$4,500,000</u>	<u>\$4,500,000</u>
<u>Total</u>	<u>\$4,500,000</u>	<u>\$6,000,000</u>	<u>\$10,500,000</u>

The \$10 million threshold has been exceeded because in this example, the aggregate of the sales factor assignable to foreign countries exceeds \$10 million.

3. DE MINIMIS EXCEPTION. *The DDS filing requirement is waived for any income year in which the taxpayer has less than \$500,000 each in property, payroll, and sales in the United States.⁸*

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c. Time And Manner Of Filing

A DDS must be filed with respect to the first year of the water's-edge election if the minimum filing requirement (e.g. either the total assets or foreign activities test) and the \$500,000 floor on property, payroll and sales in the U.S. are met. The DDS is due within six months after the filing of the taxpayer's California tax return.⁹

A taxpayer may request an extension of time for up to 4 months for reasonable cause. The extension request must be mailed to the FTB by the DDS due date. An example of reasonable cause would be the fact that the tax return required by another state for either the taxpayer or a related entity will not be filed until after the due date of the DDS.¹⁰

The DDS must be filed on Form 100-DDS or on an approved substitute form.¹¹ FTB 1098 provides guidelines for the use of substitute forms.

Unless a substantial change in the taxpayer's business activities occurs, a DDS is filed every third year after the initial filing as long as the election remains in effect. A taxpayer who terminates its election and subsequently re-elects must file a DDS for the year in which a new water's-edge election is made and every third year thereafter.¹²

If there is a substantial change in the taxpayer's business activities, a DDS must be filed for the year in which the change occurred.¹³ A substantial change in business activity occurs when the denominator of any of the three apportionment factors of property, payroll, and sales for the water's-edge group is more than twice, or less than half, the amount of such factor in the most recent year for which a DDS was filed.¹⁴

When a substantial change in the taxpayer's business activity occurs, a DDS will be required for the year in which the change occurred and every third year thereafter.¹⁵

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Example 3:

Corporation A, a calendar year taxpayer, elects to file on a water's-edge basis beginning with its 1988 income year. Corporation A meets the minimum DDS filing requirements in 1988 and thus files its first DDS with respect to the 1988 income year. Assuming there is not a substantial change in business activities, the next DDS will be due with respect to the 1991 income year.

If a substantial change in the taxpayer's business activities occurred in 1990, a DDS would be required to be filed with respect to the 1990 income year. The next DDS would be due with respect to the 1993 income (assuming there is not another substantial change in business activities).

Irrespective of the above rules, a taxpayer must file a DDS with respect to any income year in which it meets the minimum filing requirements and the \$500,000 floor on property, payroll, and sales if it has not filed a DDS for either of the two preceding income years.¹⁶

Example 4:

Corporation A, a calendar-year taxpayer, elects to file on a water's-edge basis beginning with its 1988 income year. Corporation A does not meet the minimum DDS filing requirements in income years 1988 or 1989. In income year 1990, Corporation A meets the minimum filing requirements and has property, payroll or sales in excess of \$500,000 in the United States. Corporation A must file a DDS for income year 1990, and every third year thereafter so long as the election remains in effect.

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d. DDS Format

The DDS is composed of two parts:

1. Schedule of Affiliated Corporations - 100-DDS1

The purpose of the Schedule of Affiliated Corporations is to provide a list of all affiliated banks or corporations of which more than 20 percent of the voting stock is directly or indirectly controlled by the ultimate bank or corporate parent of the California combined report group.¹⁷ The information is required for all affiliates meeting the more than 20 percent ownership test, even if the affiliate is not a California taxpayer and is not unitary with the taxpayer filing the DDS.¹⁸

The purpose of this information is to assist in making arm's-length audits. The requirement was included in the legislation based upon advice given by the Internal Revenue Service in the Federal Working Group proceedings.

2. Schedule of State Tax Liabilities - 100-DDS2

The purpose of the Schedule of State Tax Liabilities is to report the actual state tax filings of all related banks and corporations. Related entities are those entities directly or indirectly owned or controlled more than 50% by the same interests. The information is required even if the related affiliate is not a California taxpayer and is not unitary with the taxpayer filing the DDS.¹⁹

The purpose of this information is to identify possible inconsistencies in state tax filings which reduce total state tax exposure.

The FTB has publicly stated that DDS's will be used for audit selection and information will be shared with other states upon request.

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1. Information Required - Schedule Of Affiliated Corporations - Form 100-DDS1, Part I & II

A. FORM 100-DDS1, PART I

The Schedule of Affiliated Corporations will be sufficient if it sets forth the following information. As discussed above, "affiliated" means more than 20% of the voting stock is directly or indirectly controlled by the ultimate corporate parent.²⁰

Affiliates which are directly owned by the ultimate parent, or which have a federal filing requirement (regardless of whether they are directly or indirectly owned by the parent), must be listed on 100-DDS1, Part I. The following information is required to be disclosed for each entity listed:

- 1) The name and address (place of operation) of the bank or corporation;
- 2) Its California corporation number, if any;
- 3) Its Federal Employer Identification Number (FEIN), if any;
- 4) Its business activity code;
- 5) The percent of voting stock owned by the affiliated group;
- 6) Identification of the affiliated entity(s) owning the stock.
- 7) The schedule must indicate if the corporation is a foreign corporation, an 80/20 corporation, a DISC/FSC, a possessions corporation, or a domestic corporation.

Note that each entity included in a combined report is required to be listed separately, whether or not the entity is a California taxpayer.

B. FORM 100-DDS1, PART II

100-DDS1, Part II requires a summary listing of affiliates not required to be specifically named on the 100-DDS1 (e.g., indirectly owned foreign affiliates which do not have a federal filing requirement.) The information required on Part II is simply a summary of the number of other affiliates owned, the place(s) where they operate, and the owner of the stock.

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The FTB may, at audit, request a more complete listing of the chain of ownership for affiliates which have intercompany transactions with an affiliate required to file a federal tax return.²¹

2. Information Required - Schedule Of State Tax Liabilities

The Schedule of State Tax Liabilities provides a listing on a state-by-state basis of the state tax filings for each state in which the taxpayer or a related bank or corporation has a presence for franchise or income tax purposes. For these purposes, "state" is defined as any one of the United States and the District of Columbia, and "related" is defined as direct or indirect ownership or control of more than 50% of the voting stock by the same interests.

Information regarding the following related banks and corporations need not, however, be included on the Schedule of State Tax Liabilities:²²

- An entity which has no property, payroll, or sales attributable to the United States and which has no income apportioned or allocated to the United States under the laws of the various states, or
- An entity which has no income which is treated as United States source income under the United States Internal Revenue Code.

Further, an entity need not be listed under a particular state on the Schedule of State Tax Liabilities if its only connection with that state is the fact it is organized or incorporated under the laws of that state or it is authorized to do business in that state but is not actively engaged in business in that state.²³

The following specific information is required to be disclosed for each state:

- 1) Name of each entity which files a return with that state. If a single return is filed in the state for a number of entities, a subschedule which provides a listing of the taxpayers included in the single return must be attached to the DDS.
- 2) Method of filing in the state, indicating whether the tax liability was computed on a single entity basis or pursuant to a consolidated return or a combined report. If the return was filed on a combined or consolidated basis, a subschedule listing the entities included in the filing must be attached to the DDS.

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- 3) Net income before state adjustments as shown on the state return. In general, this is the amount shown on Line 28 of the Federal 1120, or the amount which would be shown on Line 28 if a federal return was required to be filed by the entity.
 - 4) Net income after state adjustments which were reported to the state (e.g., interest on state and municipal obligations, depreciation, dividends).
 - 5) Business income subject to apportionment as shown on the state return.
 - 6) The apportionment percentage reported to the state. A subschedule detailing the calculation of the apportionment percentage must be attached to the DDS.
 - 7) The amount of total nonbusiness income/loss as shown on the state return. This amount must be supported by a subschedule which details the type and amount of nonbusiness income/loss, the state(s) to which the income/loss is assigned, and any state(s) in which the income/loss is treated as business income/loss.
 - 8) The amount of nonbusiness income/loss that is attributable to the state under its rules.
 - 9) The total state net income as shown on the state return. This should be the result of business income multiplied by the apportionment percentage, plus the nonbusiness income/loss assigned to the state. To the extent it is not, a schedule which reconciles and explains the difference must be attached to the DDS.
 - 10) The amount of total taxes measured by income paid to the state (or minimum tax, if any.)
 - 11) The amount of sales of tangible personal property delivered to customers within the state. This amount must be supported by a subschedule which details the amount of destination sales by entity. For this purpose, sales are to be assigned to a state even though the state claims no nexus to tax and sales are to be eliminated from those states where they have been thrown back. The entity must also indicate whether or not they are immune under P.L. 86-272 in that state.

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e. *DDS Review*

The Franchise Tax Board must review all DDSs for completeness. Completeness means that entries are provided with respect to each state and for each of the items requested. A DDS which is not properly completed or not on an approved format will not be accepted and will be treated as if it were not filed.²⁴

The taxpayer will be notified in writing of any deficiencies and given 90 days, or longer upon reasonable request, to correct the deficiencies.²⁵ If the FTB does not notify the taxpayer of any deficiencies within one year from the date the DDS is filed, the DDS will be deemed complete as filed.²⁶ The audit staff in Central Office is responsible for reviewing the DDS for completeness. Once they have completed the review, the DDS is referred to either the field or Data Storage to associate with return.

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f. Penalties For Failure To File

A taxpayer which fails to file a DDS is potentially subject to two distinct types of penalties; a monetary penalty and/or the disregarding of its water's-edge election for income years beginning before January 1, 1994.

1. Monetary Penalty

A taxpayer that fails to file a DDS, or fails to file a complete DDS after having been given an opportunity to correct any deficiencies, is subject to the penalty for failure to file a return provided for in Revenue & Taxation Code Section 25931. For failure to timely file a DDS, the basis for the penalty assessment is the amount of tax shown on the taxpayer's California franchise or income tax return net of prepayments as allowed by R&TC §25931.3.²⁷ For a failure to file a DDS after having been given an opportunity to correct any deficiency, the basis for the penalty is total tax without regard to prepayments.

- 1) In the case of a taxpayer which fails to file a DDS, a penalty of 5 percent will be imposed for each month or portion thereof elapsing between the DDS due date and the date the DDS is filed. The total penalty may not exceed 25 percent of the tax after timely payments and credits.
- 2) In the case of a taxpayer which fails to file a complete DDS after having been given an opportunity to correct any deficiency, a penalty of 5 percent will be imposed for each month or portion thereof elapsing between the expiration of the time allowed to correct the deficiency and the submission of the requested information. The total penalty may not exceed 25 percent of the tax before payments and credits.

Both of the above penalties may be imposed for the same income year. For example, if a taxpayer did not timely file its DDS, it would be liable for a late file penalty of up to 25 percent. If, in addition, the DDS it filed was incomplete, it would also potentially be liable for the failure to file a complete DDS penalty of up to 25 percent.

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A. EFFECT OF TAX CHANGES AT AUDIT

Any subsequent change to the tax, either increase or decrease, will require a recomputation of any previously assessed DDS delinquent or incomplete penalty. The auditor should check the taxpayer's account on video to see if a DDS penalty has been issued for the same income year as the tax change. If yes, a correction to the penalty is required.²⁸

Also, a DDS delinquent penalty may not have been assessed at the time the taxpayer filed its DDS because the tax was fully paid by the return's original due date. If the auditor is assessing tax that exceeds timely credits, the auditor should request a copy of the taxpayer's water's-edge account from International Audit to see if the DDS was timely filed. If the DDS was delinquent, a penalty should be issued based on the amount of tax which exceeds the timely credits.

B. REASONABLE CAUSE

As is the case with the late file penalty assessed on untimely filed franchise or income tax returns, the penalty will be waived if the taxpayer can demonstrate that the failure is due to reasonable cause and not due to willful neglect. The meaning of "reasonable cause" was discussed in the Appeal of Loew's San Francisco Hotel Corporation, Cal. St. Bd. of Equal., September 17, 1973, which stated:

"Reasonable cause which will excuse a taxpayer's failure to file a timely return means nothing more than the ordinary exercise of business care and prudence, or such cause as would prompt an ordinarily intelligent and prudent businessman to have so acted under similar circumstances."

Generally, reasonable cause will only exist if there is a reasonable question as to the proper interpretation of the law. Failure to receive or secure the necessary forms, ignorance of the law, or a tax preparer error, do not constitute reasonable cause.

C. PROCEDURES FOR ASSESSING PENALTIES

Procedures for assessing DDS late file penalties are attached as [Exhibit 5A](#).

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2. *Disregarding Of Water's-Edge Election*

A taxpayer that "willfully" fails to comply substantially with the DDS filing requirement may have its water's-edge election disregarded at the discretion of the Franchise Tax Board for the income year of the failure to file.²⁹

- 1) "Willfully" means the taxpayer purposefully or with reckless disregard fails to comply substantially with the DDS filing requirement. The failure to comply must be done through more than inadvertence.³⁰
- 2) Whether the taxpayer has complied substantially with the DDS filing requirement will depend on the facts and circumstances of each case. An omission or misstatement of information will be considered substantial noncompliance if it interferes with the FTB's ability to determine the assignment of income or factors to the various states or the consistency of the reporting of income or factors to the various states.³¹

Before an election can be disregarded, the taxpayer must be given an opportunity to show that the DDS reporting was correct, to correct the omission or misstatement, or to establish that it is impossible to comply. The routine or purposeful destruction of records is not grounds for establishing that it is impossible to comply with the DDS filing requirement.³²

If an auditor believes that grounds may exist to disregard an election due to the taxpayer's failure to file a DDS, the International Specialist should be contacted. The case must be discussed with Legal, and their concurrence obtained that grounds exist for disregard of the election, before notifying the taxpayer of the intent to disregard.

Once it is determined that grounds exist to disregard an election, the FTB must provide 90 days prior written notice signed by the Assistant Executive Officer, Audit or the Chief Counsel of its intention to disregard the election to each taxpayer which is a member of the water's-edge group. Any taxpayer which receives such notification may seek review of the action in superior court.³³

The standard for disregarding a water's-edge election is obviously more stringent than the standard for the assessment of the monetary penalty for failure to file. Thus, a taxpayer may be subject to the monetary penalty for failure to file even though the failure to file was not done "willfully" and the water's-edge election is not disregarded.

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g. Filing Enforcement

International Audit has a filing enforcement program for obtaining delinquent DDSs. If the auditor does not have a DDS in its office, the auditor should determine if the taxpayer has a DDS filing requirement and if a DDS has been timely filed. Check with International Audit to determine if a DDS has been filed. The taxpayer's water's-edge account will show if a DDS has been filed. International Audit can also tell you if the DDS is currently being reviewed for completeness.

When the DDS has been received by the auditor, it should be forwarded to International Audit for processing and review. (FTB has a one year statute of limitations to review the DDS for completeness.)

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h. The DDS As An Audit Tool

The DDS can be a valuable tool in scoping returns for audit, preparing an audit issue workpaper, and developing lead sheets and preaudit workpapers. The following discussion is not all-inclusive, but does provide a starting point on using the DDS in the preaudit and audit process.

1. Form 100-DDS1, Parts I And II--List Of Affiliated Corporations

A. PART I

As discussed in paragraph (c), Part I of this form is required to show all first-tier subsidiaries of the ultimate parent owned in excess of 20% (domestic and foreign) and any other affiliated banks/corporations with a federal filing requirement. This will aid in identifying all major U.S. affiliates in the group and may be useful for identifying potential unitary issues.

Once the audit commences, Part I will also be useful for determining if the bank/corporation has transactions with a "controlled" affiliate and thus has a potential pricing issue (as will be discussed in more depth in Chapter 16, control for IRC 482 is not based primarily on ownership. The concept of control is based on facts and circumstances and you can have control even if there is less than 50% ownership).

Other useful information listed on this form are the business activity code (column e) and type of corporation (80/20, DISC, Possessions, Domestic, FSC, or Foreign).

B. PART II

Part II lists all other affiliates. However, the taxpayer is not required to identify separate corporate entities--the detail is grouped by owner and place of operation. CCR 25401d(f)(2) provides authority, however, for the auditor to require a more complete listing of lower-tier subsidiaries having direct or indirect transactions with affiliates required to be reported in Part I.

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2. Form 100-DDS2--Schedule Of State Tax Liabilities

The backup schedules to this form will be useful as audit aids (see subsequent discussions on apportionment percentage, total nonbusiness income/loss, state nonbusiness income/loss, and destination sales). The form may be useful for identifying major affiliates and states in which the affiliate has a major presence. The auditor should be cautioned that the information reported on this form for states other than California could be unreliable because of separate state reporting requirements, and the possibility of different reporting periods.

The filing method in column (b) will identify when an affiliate has filed separately in various states. Combined or consolidated filings are separately identified on Form 100-DDS2A.

3. Form 100-DDS2a--Schedule Of Multiple Entity Filing

This form lists each state in which a taxpayer or affiliate has filed on a combined or consolidated basis. The taxpayer filing the DDS is required to identify which affiliates are included in various combinations. This form, along with the business code from Form 100-DDS1, Part I, should provide useful information to scope potential unitary issues.

4. Form 100-DDS2b--Schedule Of Apportionment Percentage

This form provides detail on property, payroll and sales in each state in which the factor is used for calculating the apportionment percentage. Instructions for the DDS require that a taxpayer provide a supplemental schedule if a factor other than property, payroll and sales is used.

Because of different state reporting requirements, the auditor will not be able to rely on this form to identify total property, payroll, and sales. As discussed earlier, it will be useful in identifying major state locations for the affiliates.

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5. Form 100-DDS2c--Schedule Of Nonbusiness Income/Loss

This form is to be completed for each entity when there are differences between the states in the treatment of the non-business items listed in columns (f) and (g) of Form 100-DDS2. The information to be listed is the total nonbusiness income/loss reported for each state, the state to which the income/loss is allocated, and states in which the income/loss is instead treated as business.

This data may aid in identifying potential nonbusiness income issues. Keep in mind, however, that there may be valid reasons for conflicting return positions, such as differences between state law in the definition of nonbusiness income.

6. Form 100-DDS2d--Schedule Of Destination Sales

This form is to be prepared on a state-by-state basis and discloses destination sales into the state for each member of a combined or consolidated group. Sales are listed for sales made to or delivered to customers within the state. These are "pure" destination sales and do not include throwbacks.³⁴

The taxpayer must also list whether the affiliate is immune under Public Law 86-272. This schedule will be a valuable tool in identifying Finnigan and "reverse Finnigan" situations.

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i. Summary

The most important audit responsibilities are:

- 1) Identify whether or not DDS late filing or incomplete DDS penalties have been assessed prior to audit. If penalties have been assessed, they must also be assessed on additional tax resulting from audit adjustments.
- 2) If the taxpayer meets the DDS filing requirements and has not yet filed a timely DDS, require the filing of the DDS, assess late filing penalties, and forward the DDS to International Audit for review.

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Footnotes

1. R&TC §25401d(a)
2. CCR §25401d(c)(4)
3. CCR §25401d(b)(1)
4. CCR §25401d(b)(4)
5. CCR §25401d(b)(2)
6. CCR §25401d(b)(3)
7. CCR §25401d(c)(5)
8. R&TC §25401d(f)
9. R&TC §25401d(a)
10. CCR §25401d(g)(2)
11. CCR §25401d(e)(1)
12. CCR §25401d(d)(1)
13. R&TC §25401d(b)
14. CCR §25401d(d)(2)(B)
15. CCR §25401d(d)(2)(A)
16. CCR §25401d(c)(3)
17. FTB Notice 89-197 dated April 24, 1989
18. CCR §25401d(e)(2)(B)
19. CCR §25401d(e)(2)(B)
20. CCR §25401d(f)(1)
21. CCR §25401d(f)(2)

The information provided in the Franchise Tax Board's internal procedure manuals does not reflect changes in law, regulations, notices, decisions, or administrative procedures that may have been adopted since the manual was last updated

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22. CCR §25401d(e)(2)(C)
 23. CCR §25401d(e)(2)(C)
 24. CCR §25401d(h)(1)
 25. CCR §25401d(h)(1)
 26. CCR §25401d(h)(2)
 27. CCR §25401d(i)
 28. CCR §25401d(i)(A) and (B)
 29. R&TC §25111(c)(1)
 30. CCR §25401d(i)(1)(A)(i)
 31. CCR §25401d(i)(1)(A)(ii)
 32. CCR §25401d(i)(1)(A)(ii)
 33. R&TC §25111(d)
 34. CCR §25401d(e)(3)(A)